



# COMMONWEALTH of VIRGINIA

## Office of the Governor

Robert F. McDonnell  
Governor

April 20, 2012

Dear Board Members, Presidents, and Chancellors of Virginia's public colleges and universities:

Thank you for your strong leadership of Virginia's public higher education institutions. We are most fortunate to have a diverse group of high quality public institutions of higher education in the Commonwealth. I appreciate your ongoing efforts to innovate, lead, reform, and look for greater operating efficiencies, while also maintaining the exceptional quality of our academic programs. I know the past decade generally has been a tough time for our colleges and universities as there has been a pattern of state disinvestment in higher education, which has put great pressure on your operating budgets.

Over the past two years, the partnership with you and our Administration has been tremendous in enacting major reforms to the higher education system and increasing investment. The Top Jobs Higher Education Act of 2011 (TJ21) established a long term policy framework for sustained investment in higher education. None of these efforts would have been possible without the leadership of the Council of Presidents, the Virginia Business Higher Education Council, the General Assembly, and the larger Grow by Degrees coalition of business leaders, alumni, parents, and other higher education advocates.

This session we took the next important step in maintaining excellence, as we significantly revised the funding formula for higher education from base adequacy to one driven more by incentives, initiatives, increased enrollment growth, and other performance factors in the TJ21 legislation. These significant new investments will help create greater access and affordability in higher education. As you know, our goal is to generate an additional 100,000 degrees to support our burgeoning workforce demands, with a focus on STEM-H subjects, quicker degree attainment, and job creation.

However, I remain very concerned about the affordability of post-secondary education for the young people of Virginia. As I conveyed to you during our recent conference call, I need your leadership now in holding down in-state tuition and fee increases. During the last decade, Virginia students experienced, on average, double digit tuition increases annually. This trend is unacceptable and cannot continue. I, therefore, ask that you endeavor to keep in-state tuition increases for the fall semester and beyond to the increase in the Consumer Price Index, because we cannot let dramatic price increases be a deterrent to higher education for all qualified and motivated Virginians.

With student debt approaching \$1 trillion nationally and surpassing credit card and automobile debt, we must employ every strategy to arrest this growing debt trend in Virginia. Recent reports surprisingly show Americans over age 60 still owing \$36 billion in student debt. Some economists suggest this could be the next debt crisis in the United States.

We know in Virginia that 58% of students graduate with an average of over \$23,000 in debt according to the Project on Student Debt. I heard directly from hundreds of students earlier this year and received petitions from thousands more prior to the session as part of Virginia21's "What's Your Number" campaign focusing on reducing student debt. We must do everything we can to control operating costs, limit tuition increases, and reinvest state general fund dollars in our colleges and

universities to reduce the amount of student borrowing. It is simply unsustainable for more of our young people to be saddled with decades of debt, which can impede their access to the cherished American Dream.

My introduced budget provided over \$100 million in new operating funding for each year of the next biennium for higher education institutions. I also included \$10 million in years FY12, FY13, and FY14 to eliminate the reduction to higher education held in Central Appropriations since the 2010 legislative session. The significant total funding increase of close to \$250 million was proposed despite modest state revenue gains, which meant setting priorities. The Budget finally passed on Wednesday generally supports my proposals by investing \$230 million in new money into higher education, and I applaud the General Assembly for its partnership in this effort. I've just begun reviewing the budget in greater detail and may consider changes through executive amendments to clarify and strengthen these critical initiatives.

Both the General Assembly and I proposed this new state funding for higher education with the clear understanding that institutions will temper the need to raise in-state tuition and fees this coming year. We recognize that your institutions have not fully recovered from the reductions which began in 2007, but together we must continue to find internal operating efficiencies and implement best practices to educate more students in a more cost effective manner. It is my plan to continue to make new investments in higher education in future budgets as the economy improves. The more higher education institutions moderate in-state tuition and fee growth, the more likely it will be that I can secure additional state funding from the legislature. Keeping a lid on tuition increases is in the best interest of our students and families, as well as the future of our Commonwealth.

In past years, caps on tuition were imposed by the legislature. There have also been efforts to cap the number of out-of state students. Now, I ask you to voluntarily limit tuition increases on a sustained basis. I also remain concerned about using tuition for financial aid which reduces the impact of tuition increases on some students and families but increases the burden on others. I will ask the Higher Education Advisory Committee (HEAC) to evaluate current practices in this regard and make a recommendation to me this fall.

I want you to know how much I appreciate your ongoing efforts to provide greater access and affordability for Virginia's students. You help lead the best public higher education system in America. Your leadership will help ensure an even more effective system of higher education, and allow for further economic prosperity for our citizens and the Commonwealth. Keep up the great work in helping America compete better in the global economy.

Sincerely,



Robert F. McDonnell

cc: The Honorable M. Kirkland Cox  
The Honorable William J. Howell  
The Honorable Stephen H. Martin  
The Honorable Thomas K. Norment  
The Honorable Lacey E. Putney  
The Honorable Richard L. Saslaw  
The Honorable Walter A. Stosch  
The Honorable Robert Tata  
The Honorable David J. Toscano